GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:696
ANSWERED ON:26.07.2001
REVIEW OF IMPOSITION OF EXCISE DUTY ON GARMENT SECTOR
KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of TEXTILES be pleased to state:

(a) whether the Government are contemplating to consider the grievances of garment sector to review the levy of 16% excise duty imposed on branded garments;

(b) if so, the details thereof;

(c) if not, the reasons therefor; and

(d) the remedial measures being taken by the Government to alleviate the concern of the garment sector?

Answer

MINISTER OF STATE FOR TEXTILES (SHRI V. DHANANJAYA KUMAR)

(a) to (d) Consequent to introduction of 16% excise duty on readymade garments, Government have considered the grievances of the industry and taken a number of measures to address the concerns of the garment sector. The new measures include extension of SSI excise duty exemption to readymade garment sector. Clearances for home consumption upto Rs.1 crore are exempted from excise duty. Units exporting substantial part of its production and whose clearance for home consumption does not exceed the full exemption limit of Rs.1 crore have been extended the benefit of simplified procedure for exports. Exemption has also been provided from excise duty to raincoats, undergarments and clothing accessories such as handkerchiefs, shawls, scarves, muflers, mantillas, veils, ties, bow ties, cravats and gloves. Provision for deemed credit @20% of the excise duty on garment provided for duty paid on inputs.